

"A period of drouth unprecedented in the records of prairie settlement synchronized with a depression unprecedented in Canadian agriculture, and the province of Saskatchewan has had to bear an exceptionally heavy burden."

—Saskatchewan brief to Sirois Commission.



"SASKATCHEWAN"

—From the Painting by Frederick Steiger.

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3.
THE SASKATCHEWAN VIEWPOINT

THE SEED GRAIN DISPUTE



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"The burden of debt carried by the (Saskatchewan) farmers and others is a heavy one, and the work of years will be required in order that capital goods of the province may be restored to the levels of 1929."

—Saskatchewan Brief to Sirois Commission.

Foreword

The man on the front cover is the Saskatchewan farmer who came through the drouth "bent but unbroken," whose superhuman efforts while his boys have been overseas have made Saskatchewan the top agricultural producer of the Dominion, and who sometimes sits in front of his kitchen stove at night, drawing at his pipe a bit wearily and wonder-
but when he does, it doesn't make him

He doesn't like to think of the past, but when he does, it doesn't make him feel any too confident about the future. He doesn't need a Sirois Commission report to tell him that farming in Saskatchewan is the most uncertain agricultural proposition in all Canada.

He remembers how the drouth years etched deep lines of care in his wife's face, left his boys and girls with the marks of want upon them, sapped his own courage close to the breaking point.

When he thinks of the future, what he wants most from it is security—smiling skies in the spring, rains in June and July, sharp, clear days in the early fall and "good markets" for the golden wheat garnered from the long, rolling acres he possesses. Given that, he can pay his debts, buy the machinery and household equipment he needs, lay in supplies of food for the long, hard winters, plan his spring work with easy confidence.

Sometimes he's a bit worried about the years to come after the war, when there may not be the surefire markets there are now for the wheat, the hogs and the steers he can produce in such abundance.

He's making more money now than he ever did before. But that doesn't make him feel unduly jubilant. He remembers how the money he had once before melted away when drouth swept up from the south and engulfed him.

He's a better farmer now than he was before. The drouth taught him a lot, and his sons learned their lessons right on the spot, the hard way. He thinks he can beat the drouth next time, if he is given a chance. Sometimes he doubts if he is being given that chance.

He feels uneasy about the millions of dollars of debts the 1930s left for him and his fellow farmers—the debts for

tractors, binders and seeders, the debts for relief and other similar assistance he had to accept whether he wanted to or not, the debts for seed grain advances, particularly the big one in 1938. He still remembers how the drouth years "cleaned him out."

In view of what he has done in the past to increase the sum total of Canada's wealth, of what he has done to help win the war, and what he knows he can do in the future to make Canada a great and prosperous country, he feels that it is unfair to expect him to bear alone the back-breaking task of paying for the catastrophic disaster of the drouth years. He's willing to bear the heavy end of the load. But, if he is to be given the chance to get back on his feet that he's entitled to, he thinks that the rest of the country, which stands to benefit thereby, should be willing to help with part of it.

He gets a bit hot under the collar when he reads in the newspapers that he is "repudiating" this 1938 seed grain debt. An offer to pay practically half of it is not "repudiation," to his way of thinking, especially in view of the fact that he is paying off similar debts of other years, has dug down into his overall pockets and paid back his personal debts until it hurts, and has contributed generously to every Victory Loan.

Nor is it unimportant that his family should need everything from dresses and dishes and washing machines to tractors and combines and trucks, with perhaps a reasonable hope of running water in the kitchen and electric lights in the home.

Nor is it unfair to point out that if someone doesn't call a halt somewhere, where this debt business is concerned, that when the next drouth comes along he may be right back in the hole again. And if that happens, the result will be good neither for the farmer himself nor for the rest of the country.

So, here is the story of the Saskatchewan farmer in the drouth years, presented as clearly and as factually as possible, and with the hope that those who read it will have a better and a more sympathetic understanding of his side of the 1938 seed grain controversy.



PREMIER T. C. DOUGLAS . . .

"The Federal Government is not prepared to pay one single dollar, and is unwilling to return any of the farmers' notes unless they get cash on the line."



HON. C. M. FINES . . .

"The people of Saskatchewan are united in their belief that this problem is one which should be recognized as a national one."



HON. J. W. CORMAN, K.C. . . .

"The fight being put up by the provincial government is a fight for justice for the people of Saskatchewan."



MRS. B. J. TREW . . .

"It is a fight of the farmers for fair treatment, it is the fight of all the citizens for some degree of justice; it has developed into the fight of the provinces for their rights."

(Quotations used on this page are excerpts from speeches or statements made by the persons concerned)

Should Judge Seed Debt Against Drouth Backdrop

*Economic Tragedies of That Period Offset Temporary
Prosperity of War Years*

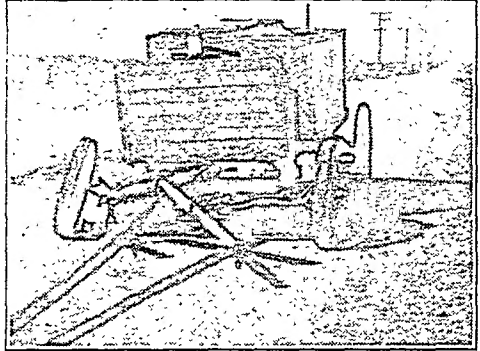
Ask the average Canadian in any one of the eight provinces outside Saskatchewan to give his views on the 1938 Seed Grain Debt controversy and, if he knows anything about it at all, he will probably reply that the Saskatchewan Government is trying to welch on a debt it had contracted to pay, and is therefore deserving of neither sympathy nor consideration.

This average Canadian may have seen in the newspapers a statement by Federal Finance Minister Ilsley to the effect that what the Saskatchewan Government was doing constituted "an affirmation of the principle of repudiation." He may recall the still more outspoken comment of an eastern businessman that Saskatchewan had become the "burglar" province. He may have been influenced by the editorial columns of the daily and financial press, which practically without exception have presented Saskatchewan in the role of a deadbeat who won't pay his debts if he can possibly get out of it.

All of which makes Saskatchewan, or the Saskatchewan Government if you prefer it that way, feel that it has been tried before the bar of public opinion without having been given a full opportunity to present its side of the case.

Every farmer in Saskatchewan who went through the long years of depression, drouth, dwindling markets and falling prices for his products, who stood helpless summer after summer as hot, dry winds stunted his crops, who saw his wife and children going without proper food, decent living conditions and minimum educational advantages, knows that there is another side to the 1938 seed grain debt question.

It is against this backdrop of the drouth years, when harsh, merciless forces of nature stretched their fingers steadily further and further north, threatening to make a desert waste of the heart of a continent, that the seed grain



BENNETT BUGGY

issue should be judged, not against that of a period of temporary prosperity, brought about by several years of adequate moisture supplies and the insatiable markets created by war, nor the narrow, legalistic framework within which Mr. Ilsley has insisted on confining negotiations.

Notable War Contribution

The Saskatchewan farmer's contribution to the war effort, through increased agricultural production, purchase of Victory Bonds and support of all other war-time causes, also has a bearing on the matter. Despite the beating they took for 10 years before 1939, and despite the fact that their sons enlisted in thousands, leaving them short-handed on the farms, these Saskatchewan farmers, who form the vast majority of the population, have toiled ceaselessly to achieve a production in grains, livestock and dairy produce which comes close to the miraculous.

Attempts have been made to create the impression that the Saskatchewan Government has embarked on a policy of wholesale repudiation. Nothing could be further from the truth. The fact of the matter is that the government is not "repudiating" this debt at all. It is the farmers and the municipalities who con-

tracted the original debt. They, and not the provincial government, "owe" it. The Saskatchewan Government guaranteed it. So did the Dominion Government.

Limit to What Farmer Can Do

What the provincial government has been trying to do is to have this debt settled on terms more in line with what the Saskatchewan farmer is able to pay, in view of his terrible losses during the drouth years. He has other debts, which he has paid off in recent years, when times have been better, in a way to gladden the hearts of the mortgage men. (A recent report by the Dominion Mortgage and Investments Association showed that farm mortgage debts had been reduced by 31 percent in 1944. Amount owing on mortgages and agreements of sale to 30 companies reporting was \$57.2 million at the end of 1944, down from \$99.3 million at the end of 1937, a reduction of some 42 percent.) There is a limit to what he can do, however, and it should be remembered that due to accumulating interest charges, seed wheat worth \$1.45 in 1938 now represents a debt of more than \$2. a bushel.

The provincial government claims that the 1938 seed grain debt is in a class by itself, that the drouth of the 1930s which reached its peak in 1937 should in all fairness be classed as a "national calamity" as terrible in its cumulative effect as a great natural disaster, and that therefore the Dominion Government should be willing to bear a part of the burden, which is all it has ever been asked to do.

It is this aspect of the seed grain issue which Mr. Ilsley and his political and press supporters have steadfastly refused to recognize. The federal finance minister has insisted that this must be regarded as an ordinary debt, contracted in the ordinary way and therefore repayable dollar for dollar, regardless of the unusual circumstances surrounding it.

The Saskatchewan argument is that a few years of war prosperity cannot offset the crippling losses and devastating effects of the drouth years, nor do they prove that Saskatchewan has shaken off for all time the menace of adverse climatic conditions, achieved permanent stability. The records show, and the experts

predict, that drouth is of a recurrent nature on the western plains, and Saskatchewan is right in the middle of them.

\$900,000,000 to Private Industry

Neither can Saskatchewan understand why a federal government which finds it possible to spend some \$900,000,000 in assisting private firms to extend their productive facilities during wartime, and which has given \$2,000,000,000 in "lend lease" to other United Nations since the war started, should be unwilling to contribute \$10,000,000 to the aid of a province which, according to the Sirois report, suffered a cut in income during the drouth years "probably unparalleled in peacetime in any other civilized community."

Nor can it forget that the Dominion Government, in the years between Oct. 31, 1941 and Oct. 31, 1944, spent close to \$40,000,000 in paying freight costs on coarse grains shipped from the west to keep Eastern Canada's livestock industry going. This was a necessary wartime measure, and Saskatchewan farmers accepted it patriotically, but at the same time they remember that if they had been allowed to sell their oats and barley in the United States, higher prices there for those grains would have netted them many millions of dollars in extra cash.

Saskatchewan is not quibbling about these wartime measures, but it does see a discrepancy in what the federal government has done for private industry, the other United Nations and the eastern livestock industry, and what it refuses to do in helping one of the provinces of the Dominion.

A "No Crop" Proposition

It should be remembered that Saskatchewan was up against a "no crop" proposition in the fall of 1937. When the spring of 1938 came, the farmers had little seed grain. They had no money to buy it with, nor could they obtain credit. The men who hold the purse strings were beginning to think that Saskatchewan was "through." The municipalities were equally poverty-stricken, so the banks insisted on guarantees by the provincial and federal governments. Total advances amounted to around \$18,000,000.

These arrangements were not a matter of choice with the farmers. They were

financially helpless. Many actually signed notes in blank allowing the municipality to fill in the amount at a later date. They had to accept whatever plan was offered, or lose the chance of rehabilitating themselves.

Much of the seed grain they got arrived too late. Many farmers lost heavily through improperly cleaned grain (up to as high as 11 percent). Much of the grain sent in for seed was unsuited to Saskatchewan and rust losses were heavy. They had to pay \$1.45 a bushel for this seed, often the same grain some of the more fortunate farmers had sold for \$1 a bushel or less the previous fall. In the fall of 1938, wheat grown from seed that cost \$1.45 was worth around 60 cents. And crops were poor again.

The man who bore the brunt of this unfortunate chain of circumstances was the farmer in the heart of the drouth area, who had to buy all or practically all of his seed requirements, whose crop in the fall was short, and more than halved in value compared with what he was charged for seed.

Drouth Farmer Shoulders Load

And it is this man from the drouth area who is still tagging along behind. Not only is he shouldering the heaviest seed grain debt burden, but his rate of recovery since the drouth years has been much slower than that of the more prosperous farmer in the better areas, who came through the bad years in fair shape. The incidence of the seed grain debt falls heaviest on the man least able to bear it. Much has been said about the present "prosperity" of the Saskatchewan farmer. It is only a drop in the bucket compared with some of the other provinces, which have experienced tremendous increases both in industrial as well as in agricultural income. Nor should it be forgotten that the Saskatchewan farmer has a double "consumers' backlog" for the postwar years. Not only has he not been able to buy the things he wants and needs recently because of wartime shortages, but for years before the war he was unable to purchase these things because he didn't have the money. There is probably no other farmer in Canada today who is so short of farm equipment, adequate

housing, clothing and all the necessary furnishings so needful if life on the farm is to be what it should be.

The Saskatchewan Government itself is doing its best to relieve the farmer of his burdens. At the 1945 session legislation was passed cancelling \$8,793,000 in seed grain debts and relief advances, which were either guaranteed or paid by the provincial government to the municipalities and to residents of the province through the municipalities. The cancellation covers the years 1918 to 1934, inclusive, and 1938 as well. Effect of the measure is to cancel \$7,750,000 of the 1938 seed grain debt, with payment of 50 percent of the remaining principal accepted by the provincial government as full payment of this debt. Amount covered for other years is \$1,043,000.

Similarly, last fall, the provincial government announced that it was prepared to cancel its share of relief and rural indebtedness against rural relief recipients, amounting to \$33,000,000.

What it boils down to is this: Saskatchewan believes that it has a chance of becoming a fairly stable, self-supporting province. It has learned its lessons from the drouth. Better farming practices are being adopted. A more expert generation of farmers is taking over. Wide scale irrigation and industrialization will be aids.

But, if anyone or anything hangs a millstone about Saskatchewan's neck now, just when it is beginning to see its way clear to a security and a stability it has never enjoyed before, the weight may be enough to send it under when the next drouth comes along.

Saskatchewan does not want charity, ever again, but it does want a fair and equal chance to rehabilitate itself. The government, and the farmers who through their organizations have pressed strongly for adjustment of the seed grain debt, do not believe the province is being given this chance. They believe that the federal government, by insisting on full payment of this debt, and over a brief period of five years, is saddling the province with a burden which it will find impossible to bear.

Debt Adjustment Necessary Farmers Said Back in 1934

*Burden "beyond strength of present generation,"
Drouth Area People Told Writer*

Today, with many millions of dollars of drouth years' indebtedness piled up against Saskatchewan farmers, and the federal government insisting on full payment of a portion of it, the 1938 seed grain debt, it is interesting to note how farmers felt about the debt problem back in 1934, when they still had all kinds of additional adversities ahead.

In his trip through the drouth areas in 1934, the late D. B. MacRae, editor of the Regina Leader-Post, found that Saskatchewan farmers believed the huge debts they were accumulating, even in those days would have to be adjusted to bring them into line with prospective income, even if good crops and fair prices were again realized.

Here is what Mr. MacRae wrote:

"To the question whether with a return of the good crop years people would be able to make the grade, the answer was that they could live and get by, but as to paying their huge financial obligations, only war prices and bumper crops would ever make a dent there. Having borrowed, institutionally and individually, every dollar within grasp, whether for productive purposes or prospective pleasures, the burden thus assumed, with its mounting toll of accumulating interest through the years, was said to be beyond the strength of the present generation. . . ."

"Pursue the resident of the south country to the last ditch as to what is the cause of the trouble, and while he will concede that as to spending and spreading themselves in good years their hindsight was now better than their foresight, after all it was the lack of rain for five years that caused the havoc and laid them low."

As to their future attitude if money became plentiful again, one farmer told Mr. MacRae: "Well, I think we have learned our lesson here just as the people everywhere have been learning theirs,

and as the financial 'big shots' may have been learning something too, but anyhow, it would take us a long time to get up the old speed again. . . ."

"Talks with all types of persons living in the area traversed indicate that 90 per cent of the people are ready to carry on," the report says. "They are bent but unbroken. They will fight desperately to make good if they get a quarter of a chance."

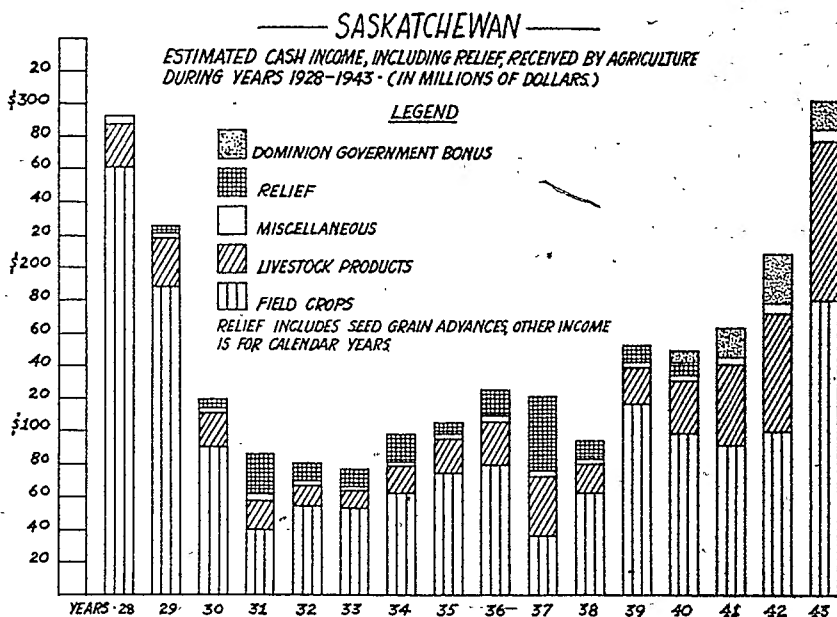
"Nearly everyone agreed that the debts piled up on account of the extraordinary public borrowing to make it possible to carry on during the last four or five years would have to be adjusted in some way to bring them into line with prospective income, even if good crops and fair prices are again realized. They say that the sooner the adjustment is indicated the better it will be for the morale of the people and the greater prospect of the people rallying with new courage to carry the adjusted load!"

Appeal by Gardiner

In the light of today's controversy about repayment of the 1938 seed grain debt, it is ironical to read the appeal made by Hon. J. G. Gardiner, then Premier of Saskatchewan and now Dominion minister of agriculture, in a foreword to "In the South Country," an account by the late D. B. MacRae, of the Regina Leader-Post, and R. M. Scott, of the Winnipeg Free Press, of conditions in Saskatchewan drouth areas in 1934.

Mr. Gardiner wrote:

"The co-operation of the political, financial and spiritual powers to maintain people in the southwestern section of Saskatchewan will result in untold good to Canada through the establishment of half a million people in prosperous, contented, happy Christian homes."



Drouth Years Left Scars on Saskatchewan Economy

***Drop in Farm Output, Skyrocketing Debt and Relief
Bills, Blow to Education, Health***

This is the story of the drouth in Saskatchewan. People elsewhere in Canada may have forgotten about it, and farmers who lived through it would like to forget about it, but they can't. It bit too deeply into their economic and personal lives for that.

In reality, it is the key point in the dispute between the federal and provincial governments over repayment of the 1938 seed grain debt, the basic factor that must be considered if a true appreciation of the matter is to be gained.

People here and there throughout the Dominion undoubtedly feel that there is another side to the question. The purpose of this article is to present that other side, to show that the economic and human wounds left by the drouth of the 1930s cannot be healed in a few years, to give the factual background of its impact on the farming population of Saskatchewan.

To begin with, the drouth of 1937 came as the culmination of a series of bad years which started in 1929. Agricultural production fell to a dribble. Prices for what farm products there were slid lower and lower. It was like knocking the farmer flat on his back, then kicking him when he was down.

Yields Greatly Reduced

Wheat production figures tell the tale. In the period between 1929 and 1938 inclusive, yields never once reached the long-term average of 14.4 bushels per acre. In seven out of the 10 years it fell below the 10-bushel mark. Three times between 1930 and 1937 it sank to an 8-bushel level. In 1937 it dropped to the abnormal low of 2.6 bushels per acre, compared with yields of 23.3 and 27.1 bushels in bumper-crop years.

The 1937 wheat crop was the lowest since 1906, when acreage seeded was one-eighth that of 1937.

Figures for gross value of farm products and cash income, the figures that really count with the farmer, present another side of the picture.

Here are cash income figures for several "good" years:

1928	\$319,500,000
1942	195,467,000
1943	311,437,000
1944	538,609,000

For several "poor" years:

1931	\$70,000,000
1932	73,400,000
1937	82,852,000
1938	90,243,000

Here are figures on gross value of farm products, for the "good" years:

1928	\$405,135,000
1942	487,394,000
1943	486,718,000
1944	650,000,000

And for the "bad" years:

1931	\$107,427,000
1933	112,060,000
1937	112,426,000
1938	144,439,000

With wheat the Saskatchewan farmer's mainstay during the period under review, these figures give crushing proof of the agricultural disaster which ravaged the province in the 1930s.

Report to Sirois Commission

To round out the picture, here are several quotations from the Submission of the Saskatchewan Government to the Sirois Commission. This Submission was prepared under the direction of T. C. Davis, K.C., then Attorney General in the former Liberal administration of W. J. Patterson. It said:

"In 1933 Saskatchewan produced . . . the smallest crop reported since 1920, and equalled the lowest yield per acre on record. . . . Deprived of revenues, even from low-priced wheat, the season of 1933 gave another staggering blow to the prairie wheat farmers." (1937 was still to come).

The 1934 crop picture was as follows:

"The four southern crop districts, which contain one-half of the total wheat acreage in Saskatchewan, produced only one-quarter of the total wheat crop. In

these districts, the average yield was down to four bushels per acre. For many districts harvests were too poor to return seed, and failures of forage crops and garden crops were also experienced."

On crop yields and returns, it had this to say:

"The average yearly production of wheat from 1920 to 1928 was 220.5 million bushels, that for 1929-38 was 138 million bushels—a reduction of more than one-third. At the same time, it should be noted that the superior quality of the 1929-38 crops as compared with 1920-28 crops would normally have brought premiums which would have partially offset the reduced yields. . . .

Hence the collapse of prices which came in 1930 has been the most important factor in reducing revenues of the province."

Farm Debt Pyramided

Such drastic failures in agricultural production caused sharp pyramiding of the farm debt:

On this point the Brief to the Sirois commission said:

"The nature and the rapidity of agricultural development made Saskatchewan essentially a debtor community, but the depression increased sharply both the absolute and the relative burden of farm debt. In the late 20s, particularly, with satisfactory yields and high prices for wheat, credit was easy to secure and expansion was general. . . . Farms were purchased, farm holdings were extended, power equipment of every sort was bought, all on the assumption the returns would continue to permit contracts to be carried out:

"Obligations which often proved difficult to support with good yields when wheat sold at \$1.25 a bushel quickly became impossible to meet in terms of 40-cent wheat and lower yields. To have paid interest alone on the farm debt of the province would have taken nearly two-thirds of the wheat available for sale in every year since 1930, and taxes would have absorbed most of the remainder."

Total agricultural debt was estimated at \$525,000,000 at the end of 1936 and, despite considerable debt adjustments, to

have been back at about the same figure at the end of 1938.

Tax Arrears Soar

Tax arrears for rural and urban municipalities also soared from 1929 to 1937. R. J. M. Parker, the then minister of municipal affairs, reported to the legislature in 1939 that such arrears stood at \$22,317,560 in 1929. They rose to \$46,083,735 in 1932, to \$58,784,665 in 1935, to \$62,444,854 in 1936 and, despite tax cancellations amounting to \$23,000,000 in the drouth areas, to \$48,873,278 in 1937. In rural municipalities alone, tax arrears jumped from \$8,889,832 in 1929 to \$18,008,957 (minus cancellations) in 1937-38.

Rural tax collections, which had been running close to \$9,000,000 in the previous five or six years, fell to \$4,000,000 in 1937.

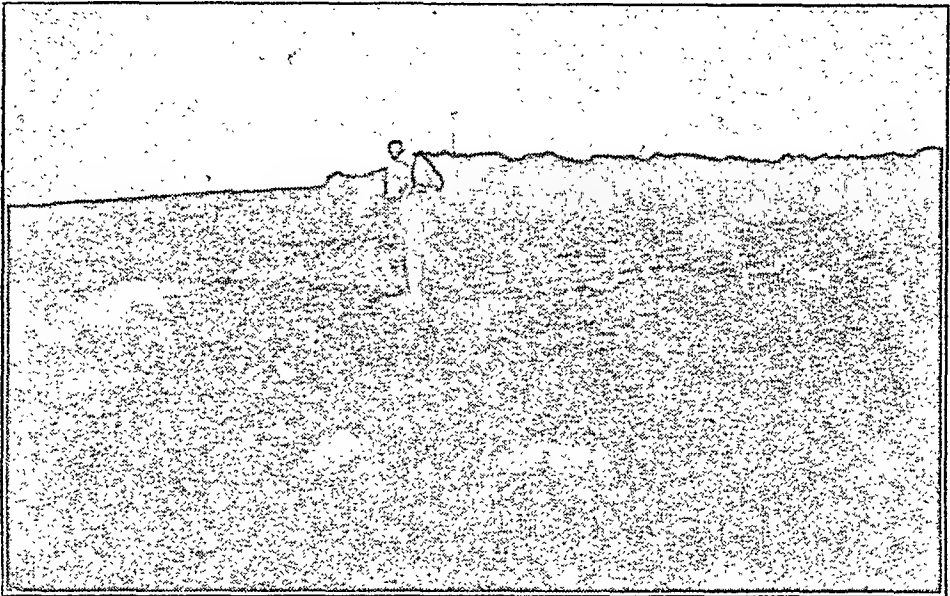
Relief indebtedness skyrocketed as well. Figures from the provincial department of municipal affairs show that, from 1929-30 to 1938-39, total cost of relief for rural municipalities and local improvement districts was \$145,234,237. Huge relief bills were also run up by Saskatchewan cities, towns and villages.

In 1931, the Submission to the Sirois Commission pointed out, the province had been divided into three main relief areas. In the "A" area, three successive crop failures had been experienced, in the "B" area two crop failures and in the "C" area one failure. It said: "The whole of the province south of a line drawn through Saskatoon was included in these areas. . . . Thus only a small part of the province was free from relief problems."

Two-Thirds on Relief

"By the autumn of 1937," wrote Dr. George E. Britnell, head of the Political Science Department, University of Saskatchewan, and author of the economic section of the Submission to the Sirois Commission, in his book "The Wheat Economy", the "completeness of the crop failure in that year had placed two-thirds of the rural population on the relief rolls and 290 of the 302 rural municipalities had sought assistance from the government."

"Practically all the money to finance the \$135,000,000 of rural relief expenditures in the seven years 1931-38," said Dr. Britnell, "came from the federal treasury, since the revenues of the province shrank rapidly with the collapse of wheat prices and soon proved inadequate



WIND SCARS

to meet even the ordinary expenditures of government, despite drastic curtailment of educational grants and social services. . . .

"Total relief expenditures by the province since Sept. 1, 1929 . . . were far in excess of the TOTAL ordinary revenues of the province for the same period." (Average provincial revenues for the years concerned were in the neighbourhood of \$16,000,000. Revenues have risen since then, from about \$20,000,000 in 1938-39 to approximately \$34,000,000 in 1943-44).

And how did rural families fare under the relief regime?

On Food Allowances

Dr. Britnell reported as follows: "The maximum food allowance for a family of five for one month under the Saskatchewan Relief Commission in 1933-34 was \$10, plus one 98-pound bag of flour; under the Bureau of Public Welfare of the Department of Municipal Affairs it was \$13.15 in 1935; \$16.50 in 1936 and \$20.20 in 1937, with no separate allowance for flour. In each case, if the applicant had meat, 10 percent was to be deducted from the allowance; if dairy products, a further 10 percent; if potatoes, 5 percent; and 'where it is practicable for the relief recipient to have wheat gristed, no order for flour shall be issued.'

"Medical men have reported evidence of malnutrition, particularly among children, in the drouth area, and have emphasized deficiencies in diet. In September, 1937, the federal minister of agriculture (Mr. Gardiner) stated that 'there have been reports from prairie medical men that they have seen signs of scurvy for the first time. . . . It is apparent that there has been a shortage of vegetables and fruit in the diet of people on relief.' (It was at this time that the federal government, to meet this situation, distributed 782 cars of fruit, vegetables, cheese, fish and beans to supplement food supplies in the drouth areas. Nor have Saskatchewan drouth area farmers forgotten the warm-hearted generosity of those in more favourably situated provinces, who shipped in food, clothing and other supplies by the freight-car load, the United

Church having organized many of these shipments).

Church Salaries Drop

With the worst years still to come, United Church average stipend in Saskatchewan fell from \$1,725 in 1928 to \$1,150 in 1933, self-supporting fields from 141 to 50, number of ministers from 197 to 164. Average salary of 50 Anglican clergymen in the Diocese of Qu'Appelle in 1935 was \$666 per annum, ranging from a low of \$30 a month to a high of \$70.

Another indication of the extent of the drouth disaster is the fact that value of retail trade in Saskatchewan fell from \$189,000,000 in 1930 to \$103,000,000 in 1933, a greater decrease than was experienced in any other province.

Few people living outside the province realize the disastrous effects which the double catastrophe of drouth and depression wrought upon the provincial school system. Farmers during these years received very little income from the small quantities of wheat, coarse grains, butter, cream, eggs, beef and pork which they were able to produce. Prices, to the farmer, fell as low as six cents a dozen for eggs, eight cents for a pound of butter.

Schools Hit Hard

The effects of all this on the schools, particularly the rural schools, were disastrous. Salaries fell to unknown lows, school supplies could not be purchased, school libraries were depleted to the point where they were of no use, school buildings were not painted or kept in repair. Equipment could not be secured.

School taxes dropped from \$6,133,632 in 1928 to \$1,676,126 in 1937. The provincial grant to schools was cut by one-third in 1932. Grants to rural school boards in 1928 amounted to \$1,296,668. In 1937 they had been cut to \$976,092. The effect of this drastic curtailment in school revenues was sharply reflected on teachers' salaries. In 1928 rural school teachers received \$4,384,962 as compared with \$1,879,835 in 1937. Average salary for a rural male teacher in 1928 was \$1,186 and in 1937 it had dropped to \$536. And despite this average, the department of education had on file at that

time many agreements between boards and teachers showing salaries at the rate of \$200 and \$300 per year. There were cases in which teachers undertook to carry on without salaries at all.

Teachers' contract salaries were often unpaid. Arrears of salaries of rural teachers in 1937 amounted to \$1,011,148. Under such conditions the health and mental attitude of many teachers were seriously affected.

In the Brief submitted to the Sirois Commission the provincial government stated that Saskatchewan required the sum of \$4,962,200, in addition to the provincial revenues available for education, "to provide educational facilities for the work of grades one to twelve."

The deterioration in school plant and equipment had reached such a point that in 1942, in a report to the Canadian and Newfoundland Education Association, it was estimated that \$3,000,000 was required for the improvement of rural schools and equipment.

(Saskatchewan teachers remember gratefully the assistance given them by teachers in other parts of the Dominion during the 1930s. In the years 1936 to 1939, some \$18,000 in cash was contributed by teachers elsewhere in Canada to aid Saskatchewan's teachers, with thou-

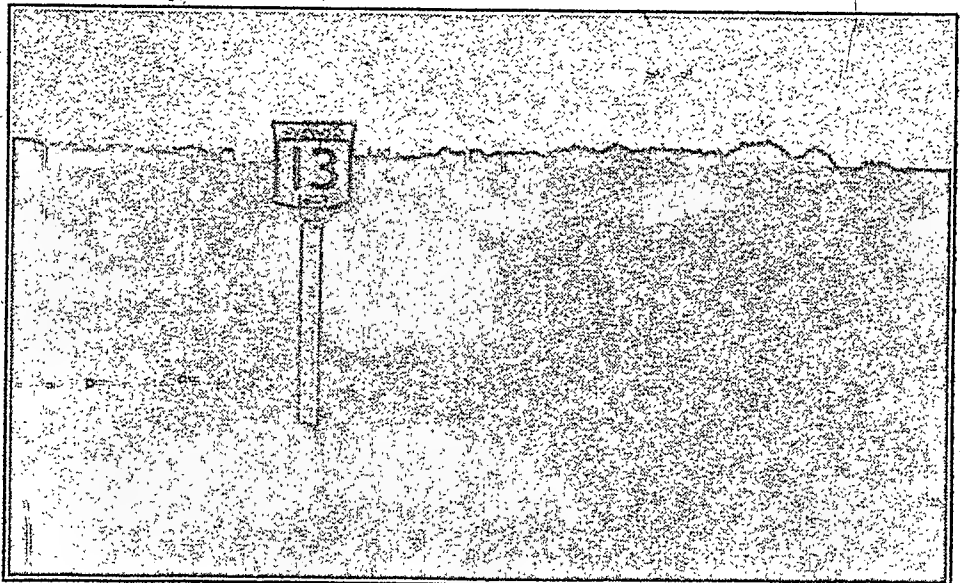
sands of dollars worth of books, school supplies and clothing sent to the schools and teachers in this province.)

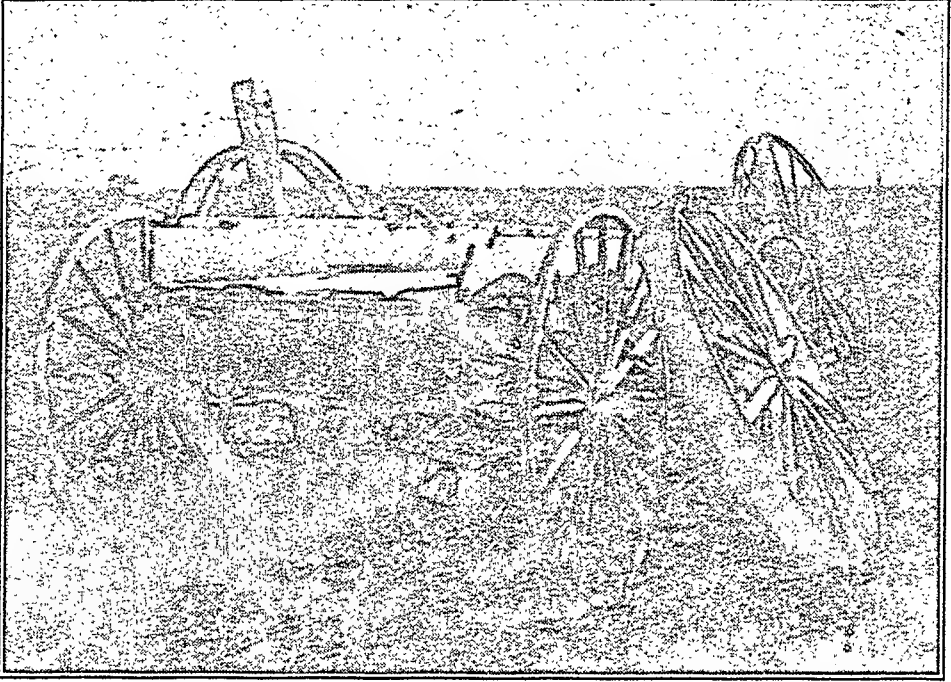
Health Affected Adversely

Health, too was affected adversely during the drouth years, although municipalities and doctors did yeoman service in caring for the people. Doctors were sadly overworked and badly underpaid. Health services in many rural areas were totally inadequate. Health department figures reveal that during normal years and war years (1927-28 and 1940-43) suicides in the province averaged 80 per year. In the depression and drouth years (1929-39 inclusive) they averaged 92 a year.

These, then, are facts and figures showing the effects of the drouth years on Saskatchewan. It was on such information that the provincial government of the day recommended to the Sirois Commission that "that portion of the public debt of Saskatchewan attributable to the payment of direct relief shall be regarded as having been incurred in the discharge of a national obligation and that responsibility for the retirement of this portion of the debt shall be assumed by the Dominion of Canada."

The seed grain debt falls in the same category. Seed was as necessary to the farmers that year as food and other supplies.





WAGON WHEELS . . .

Other Provinces Not Hit So Badly

Some prominence was given in the press to the fact that Alberta and Manitoba had settled their seed grain debt problems amicably with the federal government, following a statement by Hon. C. E. Gerhart, Alberta minister of municipal affairs, that seed grain advances made to Alberta farmers since 1936 were being reduced and eliminated gradually, but with no plea for cancellation.

The fact of the matter is that the Alberta and Manitoba debts were infinitesimal in comparison with Saskatchewan's. The Alberta debt, for the years 1936-38, amounted to \$4,000,000, with a Dominion Government guarantee in 1938 of some \$1,900,000. Manitoba required no guarantee for seed grain in 1938, as the 1937 drouth was not serious in that province. Its debts in previous years were

low. Saskatchewan's seed grain advances, for the period 1936-38, Provincial Treasurer C. M. Fines has said, amounted to some \$30,000,000, following a six-year period of drouth and depressed prices.

"In Saskatchewan," said Mr. Fines, "the problem had reached the proportions where it could properly be called a national responsibility, whereas in Alberta it could still be called a local responsibility."

This contention, maintained Mr. Fines, had been recognized by The Sirois Commission, and also by the previous administration of W. J. Patterson.

Recalling the Sirois Commission statement to the effect that Saskatchewan had suffered an unexampled cut in income during the drouth years, Attorney General J. W. Corman, K.C., said, "It is unfair to compare Saskatchewan with either Manitoba or Alberta in dealing with the 1938 seed grain advances."

Ilseley Uncompromising in Seed Debt Controversy

*Saskatchewan Receded From Its Original Position, but
Federal Terms Stiffened Steadily*

One point that stands out clearly in the correspondence between Federal Finance Minister Ilseley and the Saskatchewan Government on the 1938 seed grain debt is that all the compromising has been done by the latter, none at all by Mr. Ilseley.

In fact, as the provincial government receded from its original stand that the federal government bear a part of the burden, Mr. Ilseley's counter-proposals became increasingly severe, culminating in his final demand for full settlement over a five-year period and entailing annual payments of close to \$2,000,000.

While never waiving its "contention that the Dominion should share in the costs" of this debt, in the words of Provincial Treasurer Fines, the province has repeatedly offered to see that half the principal of the debt was paid off, and to give treasury bills for the remainder, similar to those which had been offered by the former Liberal administration and which had been acceptable to Mr. Ilseley. It has run into the adamant refusal of Mr. Ilseley to accept such treasury bills from the present government of Saskatchewan, save on the terms outlined above, which, the provincial government maintains, would send the province into the difficult post war period burdened with an unfair and crippling debt.

Deadlock Over Treasury Bills

Mr. Ilseley's sole apparent excuse for refusing to accept the proffered Saskatchewan treasury bills is a statement by Premier Douglas to the effect that the Dominion already had a lot of Saskatchewan treasury bills, that a few more would do no harm. Claiming from this that Mr. Douglas regards treasury bills as nothing more nor less than "scraps of paper," Mr. Ilseley has made this the pretext for one of the toughest debt settle-

ment proposals in the history of Saskatchewan.

The fact of the matter is that the present government could do no less than the previous administration toward settling its treasury bill holdings. The latter's policy was to renew the bills whenever they became due. This was a convenient way of postponing a difficult settlement, but it left interest charges free to pile up. The Douglas government sought to settle the debt, and, in view of the circumstances, believed its proposal that the federal government assume a share of the burden was a reasonable one.

Mr. Ilseley has also refused to admit the Saskatchewan contention that the "national emergency" character of the drouth years had any bearing on the seed grain debt, quoting figures of federal assistance over this period to back his claim that the Dominion had "fully discharged its obligations in respect to the emergency of 1937." He has also insisted that, in view of the "great improvement" in Saskatchewan's finances since 1938, it was impossible for the Dominion to "agree to a waiver or reduction of the province's liability."

Salient Points of Correspondence

For the record, here are the salient points of this correspondence:

In July, 1944, Mr. Douglas asked that a "definite policy for settling the seed grain advances" be adopted. With interest piling up on these loans, to the point where the original \$1.45 per bushel amounted to more than \$2, he felt that in fairness to the farmers there should be a final settlement.

His proposal was that the provincial government collect 50 percent of the principal outstanding from the farmers, amounting to some \$7,000,000, with the province absorbing collection costs. It would give treasury bills for half the

principal, pending collection, and asked that the notes of farmers and municipalities be returned to the provincial government. The province would make refunds, amounting to some \$2,500,000, to farmers who had made payments in full. The Dominion was asked to assume responsibility for the remaining \$10,000,000 of the debt.

Because it departed from the "principle of provincial responsibility and of equality of treatment of the provinces and of governments of the same province," Mr. Ilsley rejected the offer.

Mr. Douglas then proposed that the Dominion meet the payment to the banks, due Oct. 31 and amounting to \$16,468,852, the province to give treasury bills equalling this amount, with the Dominion releasing the notes on payment of 50 percent of the principal. Collections would be speeded up under this plan, he said, and amounts collected would be paid directly to Mr. Ilsley, with settlement of the balance to be discussed further. He denied Saskatchewan was now in a "comfortable surplus position," as Mr. Ilsley had claimed, and added that the 1938 seed advances "should be considered as a national emergency," and that the Dominion Government "should be prepared to meet the obligation."

He charged Mr. Ilsley with relying on a "strictly legal interpretation of the act," and summed up the situation this way: "Either the federal government implements the full guarantee for the \$17,000,000 on Oct. 31, or they surrender what would otherwise be uncollectable security in return for \$7,000,000 cash and \$10,000,000 of treasury bills."

To the suggestion of the provincial government that it would advise the municipalities to cease collections if settlement on the 50 percent repayment basis was not possible, Mr. Ilsley replied that such action was "unwarranted and reprehensible," and an "affirmation of the principle of repudiation."

Not Giving up Security

"We cannot," he stressed, "as the Dominion government responsible to the taxpayers of Canada, voluntarily give up security to which we are entitled under the law . . . particularly in view of your (Mr. Douglas') publicly declared attitude

in regard to treasury bill obligations of your province."

Stressing that Saskatchewan was "unable at the present time to meet any part of the seed grain liability," Mr. Fines then made a third offer to the Dominion. He requested the Dominion to pay the banks on Oct. 31, with the province giving treasury bills "for the like amount on terms similar to those given with respect to other implemented seed grain advances, until such time as a satisfactory settlement can be worked out."

Mr. Ilsley's reply was a demand for settlement on the following terms:

1. Payment of the banks by the Dominion.

2. A "fair and reasonable" cash payment by the province.

3. Delivery of treasury bills by the province to the Dominion, equal to the amount paid by the Dominion but less the amount of the cash payment, the bills to bear interest at 3 percent and to come due serially in equal instalments at the end of each of the next five years.

4. Notes to become the property of the Dominion.

A National Problem

Settlement on these terms was "entirely impossible, because of our financial position," replied Mr. Fines. "I am sure you would not want to force us into the position of defaulting on our debt, but the carrying out of your policy would leave us no alternative." He reiterated the offer to give treasury bills of the type "contemplated by the agreement," and pointed out that the Saskatchewan government had put up more than \$2,500,000 actual cash for seed grain in the spring of 1938. "Even the late Patterson government," he said, "was of the opinion that the Dominion should pay a portion of the debt." The people of Saskatchewan were "united in their belief that this problem is one which should be recognized as a national one."

There was "absolutely no foundation in fact," returned Mr. Ilsley, for the contention that "it is 'entirely impossible' for the province to meet" these payments. Demanding prompt settlement, he outlined the extent to which the Dominion

ion and Dominion taxpayers had helped Saskatchewan in the drouth years of the 1930s. In special grants, relief act loans and seed grain loans covering 1936-37-38, he said, the federal government had contributed \$217,637,087. "Figures of this magnitude," he maintained, "show conclusively" that the Dominion had been generous to Saskatchewan. (As a matter of fact, this considerable sum of money did little more than keep together the bodies and souls of Saskatchewan drouth area farmers and their families, so deeply had they been plunged into adversity).

Stressing that the province still considered the Dominion should share the costs of the 1938 seed grain debt, Mr. Fines again offered treasury bills such as those "originally contemplated," that is, not repayable over a period of five years, and added that the province would collect 50 percent of the principal from the farmers, paying it over "as collected," and guaranteeing payments of "at least \$2,000,000 per year until \$7,000,000 has been paid." (In this case the expectation was that most of this sum would come through collections from farmers).

But Mr. Ilsley still had no faith in Saskatchewan treasury bills. . . . "it seems apparent from your letter and your earlier communications that the province has no intention of paying these bills."

Matter for Federal Government

Despite his steadily stiffening terms, Mr. Ilsley charged Saskatchewan with unwillingness to consider "any form of settlement" except on its own conditions, and added with some asperity that it was up to the Dominion finance minister, not the provincial, to "indicate the terms of settlement that he will approve."

Then he made formal demand for settlement as follows:

1. Cash payment of \$609,972 by January 31, 1945.
2. Treasury bills of \$6,371,801, maturing Dec. 11, 1945, representing 50 percent of the loans to the farmers. They could be extended for a year, in case collections fell short.
3. Balance of \$9,487,078 to be met out of provincial funds, with five years to pay off.

He demanded treasury bills to an amount of \$16,468,852, equalling the amount paid by the Dominion to the banks, dated Dec. 11, 1944, and bearing interest at 3 percent, payable semi-annually. Amounts to be paid on a quarterly basis were also set forth.

Failure to deliver such treasury bills to Ottawa by Jan. 31, 1945, said Mr. Ilsley, would mean the Dominion would make "immediate demand upon the province for the full amount owing to the Dominion in respect of the 1938 seed grain loans, and will take whatever steps are deemed advisable to effect collection."

Blow to Saskatchewan

In his reply, Mr. Fines stated that the Ilsley proposal would mean payment by Saskatchewan, "out of current revenue, of \$2,000,000 each year for five years. This money," he continued, "would have to come from expenditures which should be made on social, health, education and similar services, and on rehabilitation of returned men. The standard of living of every citizen of Saskatchewan would suffer. The Sirois report proves that our standards have been sub-normal."

Finally, a demand treasury bill for the full amount paid the banks by the Dominion was sent to the federal treasury by Mr. Fines, "in exactly the same form and conditions as those accepted by you from the former Liberal government in settlement of previous advances." Treasury bills of the type demanded by Mr. Ilsley, he said, were "not the ones contemplated nor the ones accepted by you from the Liberal government to cover the seed grain advances for 1936 and 1937, under similar agreements. . . . It is evident," he concluded, "that you are determined to make it impossible for the new government of Saskatchewan to function."

Mr. Ilsley promptly demanded cash settlement and, when Saskatchewan was unable to meet this demand, withheld payment to the province of some \$582,000 under the 1942 Dominion-Provincial Taxation Agreement. An arbitral tribunal is now deciding whether this action is a violation of the agreement by the Dominion.

Brilliant Editor's Story of 1934 Drouth Recalled

Graphic Account of Sufferings of Dried-out Areas

Written by Late D. B. MacRae

One of the most human stories of the incredible sufferings endured by farmers of the Saskatchewan drouth areas and their families was written by the late D. B. MacRae, gifted editor of the Regina Leader-Post.

Accompanied by R. M. Scott, now of Ottawa and at that time assistant agricultural editor of the Winnipeg Free Press, Mr. MacRae in September, 1934, travelled 2,100 miles by car across southern Saskatchewan and into southwest Manitoba. In an effort to gain a complete picture of the drouth situation as it then existed (it should be remembered that conditions became much worse after 1934), the two newspapermen interviewed municipal officials, farmers, merchants, teachers and others.

"Clothing has been reduced to a minimum and bed clothes are reported as a great necessity, being but a remnant of what they once were and worn thin with age," wrote MacRae.

One Farmer's Experience

MacRae described the typical plight of many farmers at this time by detailing the experience of one farmer, described by the secretary of the municipality as one of the best in that area.

"He gathered and threshed 400 bushels of wheat from 150 acres, his oats sown on 30 acres being a complete failure, making it necessary to buy oats for both seed and feed—if he can buy them. His threshing cost him \$12 an hour for six hours, or \$72, and his twine \$18, while binder repairs were another \$9. Out of this 400 bushels he needs 150 bushels for seed next spring, leaving 250 which, if valued at 60 cents a bushel net makes \$150. Subtract his threshing, twine and repair bill alone and his net is \$50. The taxes for 1934 on his 320 acres of land are \$109. How to stretch that \$50 to cover taxes, groceries for himself, wife and three children, not to mention clothing and replace bed clothes etc., in the

home is a job for a magician. He will have enough potatoes and some milk and butter for winter, and guesses he will pull through somehow."

"No Luck Yet"

In one district the travellers found every farmer on relief but one. "Our informant was asked what happened to the man who was not on relief," wrote MacRae. "I guess he's had no luck yet," said the settler, with a touch of western humor and philosophy that five or six years of acute depression have not been able to wipe out."

"There is virtually nothing in the rolling hills and valleys at Buffalo Gap and Big Beaver," the record continues. "Gardens were a failure. Potatoes will have to be brought in. Clothes are worn thin. At a hotel one's nose came through the towel."

"In some farm houses near the U.S. boundary even the tea kettle is worn out and has been replaced by a lard pail. Information was given of cases where one girl wore 'the' dress to school one day while a sister stayed at home, next day they alternated, one staying at home and one going to school."

"What's the Use!"

"It was near the U.S. border too that we heard statements of the morale of the people breaking. Some have adopted a 'what's the use attitude.' Some young people have grown tired of remaining single until times are better and have married. A 'depression' generation of babies is appearing."

"One man (Bengough area) told of children whom he knew, who had not tasted any other vegetable than potatoes for over two years! Meat, bread and potatoes form the diet of the majority, it was stated, but this year it is feared that the meat will often be lacking and the potatoes as well."



DROUTH LANDSCAPE

Farm Organizations Back Demand for Settlement

Provincial Government's Stand Based on Resolutions Passed Repeatedly by Such Bodies

The impression may have been created outside Saskatchewan, and to some extent within the province itself, that most of the farmers consider the 1938 seed grain debt agreement just and fair and that only a small group of debtor malcontents is responsible for calling the debt into question.

The record shows that nothing could be farther from the truth. The great provincial organizations closest to the farmers have repeatedly appealed to the Dominion and provincial governments for an adjustment of this onerous debt ever since 1939. One of these organizations is the United Farmers of Canada, which is affiliated with the Saskatchewan Co-operative Conference, the Western Co-operative Conference and the Canadian Federation of Agriculture, and another the Association of Rural Municipalities, by size and importance the greatest rural organization in Saskatchewan. Resolutions passed at their annual conventions tell their own story.

(In the face of these demands for action by the farm organizations, and similar demands which were pressed in the legislature session after session by opposition members, the record of the Liberal administration is not a particularly proud one. It took no action on the farm resolutions, and repeatedly rejected opposition proposals for a bushel-for-bushel settlement of the 1938 seed grain debt. Then, on the eve of a provincial election, Liberal Leader W. J. Patterson reversed the stand he had taken in the legislature, and announced a settlement of the debt whereby the farmer would pay \$1 a bushel, with the provincial government agreeing to bear the rest of the debt).

The United Farmers of Canada at resulted they passed a similar resolution demanding "from the governments that the 1938 seed grain advances be cancelled." When no action its 1942 convention passed a resolution in 1943. At the 1944 convention

held in Saskatoon, after Hon. C. M. Fines, Saskatchewan provincial treasurer, explained the results of his negotiations with Hon. J. L. Hsley, Dominion minister of finance, the U.F.C. demanded that the offer of the provincial government to collect 50 percent of the debt, with the Dominion assuming responsibility for the balance, be accepted.

Other Resolutions

Since 1939 numerous requests, in the form of resolutions, have been made to the governments by the representative Saskatchewan Association of Rural Municipalities for cancellation or adjustment of the Saskatchewan seed grain debt.

At the 1939 convention of the organization, settlement of the debt was recommended by repayment on a "bushel for bushel" basis, that is, the farmer would be required to give back a bushel of wheat for every bushel of seed he had received. In 1941 the request was made that the advances be cancelled and the municipalities be relieved of "all liability" in connection with them.

Again in 1942 the Rural Municipality convention had to remind the Dominion and provincial governments that the years of drouth, rust and grasshoppers, recognized by these governments as a "national calamity," had placed farmers in the position where they could not repay the "debt" for the high-priced seed of 1938. The convention also pointed to the significant fact that census figures revealed that the province had lost 30,000 farmers as a "direct result" of conditions during those terrible years. This time the rural delegates asked that the 1938 seed advances be adjusted by the government accepting 50 percent of the debt principal as full payment.

Pertinent Reasons Given

This request for adjustment was carried again unanimously in 1943 and some pertinent and practical reasons were advanced why the adjustment should be made. Among them was the fact that the Marquis seed wheat was distributed to the farmers in 1938 too late in the season to escape serious loss from rust. Consequently little could be repaid from this

very important source. Further, it was shown that grain prices since 1938 had not been high enough to enable the farmer to carry on and at the same time fully repay these advances in every case.

It was also pointed out that the municipalities had been badly handicapped in collection by "evident weaknesses" in the security and collection machinery, which should have been remedied, with too much responsibility for the collection placed on the municipal councils.

It also asserted that the "present tendency to delay and withhold payments of these accounts would be largely removed if they were adjusted to the ability of the debtor to repay."

In 1944, the association, stating that there had been "repeated demands for an adjustment" of the 1938 seed grain debts, with "justifiable reasons submitted for such an adjustment," reaffirmed its stand "in favor of an adjustment before pressure is used in collection of these accounts." At its 1945 convention, the association again asked for settlement on the basis of payment of 50 percent of the principal. It also passed a resolution commending the present Provincial Government for its stand on the seed grain question, and urged that "pressure be brought to bear on the Federal Government with a view to having that government assume the 50 percent loss."

Records Are Clear

What action did the Liberal government take on the suggestions made by these representative organizations? The records of the Saskatchewan legislature are clear on this point. C.C.F. legislature members, then small in number, frequently moved that the seed debt be adjusted in the light of these resolutions, and of reason and of humanity. Just as regularly members of the Liberal provincial government voted them down.

On Feb. 21, 1939, Jacob Benson (CCF, Last Mountain), moved a resolution in the provincial legislature asking the government to accept re-payment of the 1938 seed grain debt on a bushel-for-bushel basis. It was rejected, 33 to 13, with Ben Hyde, (Lib., Morse), supporting the motion.

(Continued on page 23.)

Opposition Challenged 1938 Seed Negotiations

Bennett Saw "some measure of profit to somebody" in Deal; Others Critical

Was the Saskatchewan farmer charged too much for the seed wheat he was compelled to buy at \$1.45 per bushel, for his own preservation, in the spring of 1938?

Was there procrastination and needless delay in the negotiations whereby these supplies of seed grain were made available to those who needed them?

Opposition members in the federal House of Commons thought so, and expressed themselves vigorously on these points in debates during March and April of that year.

"An Exorbitant Price"

Premier T. C. Douglas, then federal member for Weyburn, described the suggested \$1.40 or \$1.45 per bushel figure as "an exorbitant price."

Viscount Bennett, then leader of the opposition, slashed at the government of the day on the score of transactions which, he said, had caused the price of wheat to go up sharply, with the drouth area farmer paying the shot.

Faulty handling of the matter, said Viscount Bennett, had created a "fluctuating premium, which is now being reflected in added cost to the farmer, and, I think I can safely say, with some measure of profit to somebody."

(Wheat supplied as seed grain came almost wholly from the Canadian Wheat Board. It was the residue of the wheat taken over by the Board in 1935 from John I. McFarland. It was agreed that the price to be charged for this wheat should be based on the average futures price between the dates Aug. 31, 1937, and Feb. 28, 1938. That average was a fraction over \$1.10 a bushel, at country points. When the amount of the existing cash premium was added, as well as additional costs, such as freight, etc., the

price was within a fraction of \$1.45 per bushel.)

One claim was that the price of the options taken over by the Wheat Board in 1935 would not be more than 90 cents a bushel at the most. The wheat, it was maintained, should cost the board exactly what the option cost, in other words, 90 cents.

This price, plus moderate charges for storage, transportation and distribution, should have brought the reasonable charge to the farmer to not more than \$1.10 per bushel.

Over the months concerned there was a big spread between the prices of option and cash wheat, amounting to around 20 cents. Opposition members wanted to know why this premium was widened on wheat in the interior elevators. They thought the grain trade had learned of the conversion of options into cash wheat, and planned to make a "rake-off" from the Board. Export demand did not warrant a premium at that time, and wheat in interior elevators did not command a premium.

Need For Seed Known

Viscount Bennett said that the Wheat Board had on hand a certain quantity of wheat, and it was known that it would be required for seed. Yet, "notwithstanding that fact, the October option was extended. Then we proceeded to buy back that option."

He said that the farmer was being called on to pay for his seed wheat, on the basis of that option having been bought back and converted into cash wheat at \$1.45 per bushel.

"Had the cash wheat been held before the option was extended to October," he went on, "that difficulty would not have arisen. If any of us, dealing with this matter purely as a business transaction,

had dealt with it in that way, we certainly should have had some difficulty with our shareholders."

Premium Was Created

He wanted to know why the "wheat which might have been available was carried forward into an October option and why, so soon after, the option was bought back. The net result has been that a premium was created. We cannot get away from this, whether we like it or not. That brought about the premium, and I am afraid it was not unknown. It will be remembered that Paul once said, 'I am convinced this thing was not done in a corner.'"

In July, 1937, said Viscount Bennett, all that was left of the McFarland holdings was 6,964,000 bushels. That was converted into options on July 31. "Now," he went on, "comes the Saskatchewan government, not without the approval of this government, but with the approval and knowledge of this government, and says, 'We will convert these options into cash,' and to do that the price of wheat has been raised how many cents? That is the question. What is the premium? The intelligent action would have been in July, when it was known what the crop was, not to have had it converted into options."

"It is a great thing," he remarked, "to be able to farm on the stock exchange. I cannot recall any such loose legislation as this since I have been in the house."

The government was also criticized on the score of tardiness in getting the seed to the farmers.

Too Late, says Douglas

Said Mr. Douglas, on March 25: "I deplore the lateness of the date on which this legislation is being brought down, in view of the fact that in some parts of the west farmers will be on the land within the next week or 10 days. . . . Surely we have known since last fall, and ever since this house met in January, that seed grain was going to be required, and this legislation could just as easily have been on the order paper a month ago."

To which Hon. C. A. Dunning, then minister of finance, replied: "We had not the information from either province (Alberta was getting a guarantee of \$1,900,000 as well) a month ago."

"I am not blaming the minister of finance entirely," said Mr. Douglas, "the provinces knew they would need this seed."

Mr. Dunning went on to say that "exact information (on seed requirements) has been received only within a week . . . The matter has been followed up with the provinces as diligently as possible."

(Wheat Board officials expected to get requirement figures on seed grain in the late fall of 1937, as well as destination points for the seed, which they could then have begun shipping out through the winter of 1937-38. They got no such requirement figures until around April 1, and even after that late date, there were frequent changes in these figures.)

Bushel-for-Bushel Plan

It was during this debate that Mr. Douglas made his suggestion of a bushel-for-bushel settlement for the farmers. He said: "Seeing that we have a Wheat Board, it seems to me not inconceivable that we might have entered into an arrangement whereby the government would have been willing to work on a bushel-for-bushel basis, so that the farmer would sign, not for any specific amount of money, but for the delivery of a number of bushels. He would have been able to deliver a bushel back for every bushel he had received. . . . As it is, the farmer sold his wheat at a low price and now he gets it at a high price, and when he is ready to sell again, the price will probably be low once more." (It dropped to an average of 60 cents per bushel in the fall of 1938).

Regarding handling of the situation, Mr. Douglas remarked that much of the wheat which would be used for seed, and for which the price was \$1.45 a bushel, "was shipped out of the very districts into which it is going to be shipped this spring. I saw grain being shipped out late in June and early in July last year from Creelman, Fillmore and other centres, and into these same districts wheat will have to be brought back for seed, and the farmer will be asked to pay the freight both ways. It is a very unsatisfactory arrangement, in view of the fact that we have known for a long time that seed will be required."

Farm Organizations Back Demand For Settlement

(Continued from page 20.)

To repay the 1938 seed grain debt on a cash basis, at prevailing prices of that time, said Mr. Benson, would mean that the farmers would be compelled to turn over about 24,000,000 bushels of wheat to pay for the 6,400,000 bushels they had received in the spring of 1938.

J. G. Taggart, then minister of agriculture, said such a settlement would mean a loss to the provincial treasury of some \$6,000,000, which could only be met by increasing taxes. J. J. Mildenerger, (Lib., Maple Creek), maintained that the debt was a municipal one, that it should be borne by the people who got assistance by way of seed grain. He said it would be unfair to ask those who did not get the seed to help bear the burden through heavier general taxation.

Again, on March 12, 1941, H. K. Warren, (Unity, Bengough), urged repayment of the seed grain debt on a bushel-for-bushel basis. This too was rejected by the Liberal members.

On April 13, 1942, Mr. Benson reiterated his bushel-for-bushel proposal, to be turned down again.

No Blanket Adjustment

On April 2, 1943, referring to resolutions passed by the Rural Municipalities Association, the then premier, W. J. Patterson, said that while individual adjustments would be made, there would be no blanket adjustments or cancellations of the 1938 seed grain debt.

He added: "The province has always taken the attitude that the responsibility rests with the person who took the seed grain advances. . . . A 100 percent solution to the problem would be for every individual to pay what he owes."

It was less than a year later, on Feb. 27, 1944, to be exact, and with a provincial election in the offing, that Mr. Patterson announced his seed grain "adjustment" plan, despite his statement a few months previously that there would be no blanket adjustment of the debt.

His proposal was to accept \$1 a bushel as full payment from the farmers, with certain interest considerations, with the provincial government absorbing the difference between this price and the price paid by the farmers for their 1938 seed

grain. Refunds were to be paid to those who had met the debt in full. He did propose that the federal government pay half of this "difference," but accepted Mr. Ilsley's rejection of that proposal.

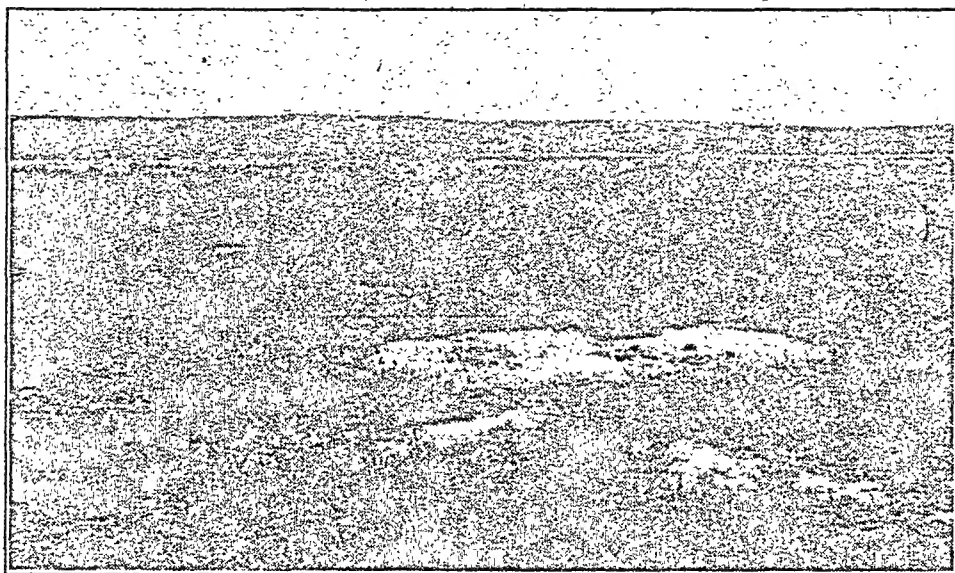
Credit Helped Open Prairies

On the debt question, the Saskatchewan submission to the Sirois Commission quoted from Dr. William Allen's "Studies of Farm Indebtedness and Financial Progress of Saskatchewan Farmers" as follows:

"Without the availability of vast amounts of credit the rapid development of the prairies would have been impossible. From the earliest days of settlement the people have operated to a very considerable extent on funds made available from outside sources. During the homesteading period advances were made by lumber yards, implement companies, stores and banks, and usually when the duties of homesteading had been completed, the different loans were consolidated in a real estate mortgage. As the districts developed, additional lands were acquired by the homesteaders, usually on the deferred terms of agreements of sale. The advances made for current operations by banks and stores, and also by machinery companies and lumber yards, and later by oil companies for tractor fuel, were usually paid shortly after the crop was harvested each year. The same practice was followed in connection with medical services and a variety of other things. When a crop failed partially or completely it was usually possible for these debts to be carried along until the next harvest, which usually was bountiful enough to take care of the pressing demands made by the local businesses, thus these debts were seldom allowed to accumulate and were generally regarded as temporary accommodations. During recent years Saskatchewan farmers have been unable to take care of their current obligations, because of the curtailment of revenues resulting from combinations of crop failures and low prices, thus debts of all classes have steadily increased, and have tended to assume a permanent character."



*Appraising the
Ravages of
Drouth*



*ABOVE—Waste land
at Val Marie*

*BELOW—Same land
after irrigation*

